

## Message Text

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ACTION OES-04

INFO OCT-01 ARA-06 ISO-00 FEA-01 ACDA-05 CIAE-00 INR-07

IO-10 L-03 NSAE-00 NSC-05 EB-07 NRC-05 DODE-00 INT-05

ERDA-05 AGR-05 STR-04 AID-05 OMB-01 TRSE-00 SP-02

/081 W

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R 262248Z SEP 75

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 0177

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E.O. 11652: N/A

TAGS: ENRG, MX, TECH

SUBJ: ANALYSIS OF PROPOSED DUAL PURPOSE NUCLEAR POWERED  
DESALTING PLANT NEAR GULF OF CALIFORNIA

REF: (A) STATE 201752 (B) MEXICO 7675

1. REFTEL A ASKS FOR EMBASSY VIEWNS ON ATTEMPTING TO CONCLUDE  
AGREEMENT ON AND PROCEEDING WITH LARGE-SCALE STUDIES EITHER  
ALONG LINES OF 1972 DRAFT OR AT MORE RESTRICTED LEVEL.

2. WE HAVE CONSIDERED THIS MATTER AT SOME LENGTH BUT FIND  
WE LACK SUFFICIENT BACKGROUN OR TECHNICAL KNOWLEDGE OF  
PROJECT TO GIVE A VALID OPINION ON MERITS OF PROCEEDING  
WITH FEASIBILITY STUDIES, HOWEVER LIMITED.

3. WE DO, HOWEVER, WISH TO SET FORTH SOME GENERAL FACTORS  
WHICH, AMONG OTHERS, WE BELIEVE SHOULD BE TAKEN INTO CON-  
SIDERATION IN MAKING A DECISION ON WHETHER OR NOT TO GO  
AHEAD. MORE COMPLETE AND UP TO DATE VIEWS SHOULD RESULT  
FROM THE INFORMAL MEETING BETWEEN US AND MEXICAN DELEGATIONS  
ARRANGED FOR OCT 9 AND 10 IN HUNTINGTON BEACH, CALIFORNIA.

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(A) THE MEXICAN RATE OF POPULATION GROWTH IS CON-

SIDERED THE HIGHEST IN THE WORLD AMONG MAJOR COUNTRIES. THE MOST RECENT ANNUAL GROWTH RATE WE HAVE HEARD USED BY GOM OFFICIALS IS 3.7 PERCENT, WHICH MEANS A DOUBLING PERIOD OF LESS THAN 20 YEARS. WE ARE THUS TALKING ABOUT A LIKELY 150 MILLION PERSONS IN 2000, 300 MILLION BY 2020, ETC. THE NEW PRI PRESIDENTIAL CANDIDATE, LOPEZ PORTILLO, HAS TALKED OF 80 MILLION PERSONS BY 1980, WHICH UPS THE FIGURE EVEN HIGHER. THE LONG LEAD TIME REQUIRED TO DEVELOP THE DUAL PURPOSE NUCLEAR PLANT, SHOULD AGREEMENT BE REACHED TO GO AHEAD, INDICATES THAT WE ARE TALKING ABOUT A TIME PERIOD DURING WHICH WE MIGHT SEE THE PRESENT MEXICAN POPULATION DOUBLED.

(B) ILLEGAL MIGRATION INTO THE UNITED STATES IS ALREADY A MAJOR PROBLEM WITHIN THE UNITED STATES AND IN OUR RELATIONS WITH MEXICO. THE ALMOST IMPOSSIBILITY OF CREATING ENOUGH JOBS OR PRODUCING ENOUGH FOOD FOR THE BURGEONING MEXICAN POPULATION PROMISES TO MAKE THE ILLEGAL MIGRATION PROBLEM ASSUME EXPLOSIVE PROPORTIONS AND MAKE IT DOMINANT ELEMENT IN OUR RELATIONS WITH MEXICO.

(C) WITH BAD WEATHER LAST YEAR, MEXICO NEEDED ALMOST \$1 BILLION OF US FOODSTUFFS TO AVOID HARDSHIP AT PRESENT POPULATION LEVELS. GROWTH IN THE MEXICAN AGRICULTURAL SECTOR HAS LAGGED FOR MANY YEARS. THE GOM IS NOW FOCUSING ITS ATTENTION AND MONEY IN THIS SECTOR, AND THERE ARE MANY POSSIBILITIES FOR IMPROVEMENT.

(D) THE UNITED STATES IS LOOKING FOR WAYS TO STRENGTHEN AND IMPROVE ITS BILATERAL RELATIONS WITH MEXICO. WHILE MEXICO WOULD LIKE SPECIAL TRADE TREATMENT BEYOND IN THE TRA, THIS APPEARS IMPRACTICAL BECAUSE OF US GLOBAL RELATIONS. APART FROM SOME MINOR AND INDIRECT OPERATIONS, THE US HAS NO AID PROGRAMS IN MEXICO AND IT WOULD BE POLITICALLY DIFFICULT TO CHANGE THIS COURSE. THIS ARGUES FOR PROJECTS THAT AT LEAST HAVE A FACADE OF BEING JOINT ENDEAVORS, WHICH OF COURSE LIMITED OFFICIAL USE

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WOULD BE ONE ADVANTAGE OF A BORDER DUAL PURPOSE DESALINIZATION PLANT.

(E) THE GOM IS COMMITTED TO CONSTRUCTING A GRAVITY CANAL TO TAKE WATER FROM WATER SURPLUS AREAS IN NAVARIT AND SINALOA TO ARID AREAS OF SONORA, THEREBY REDUCING THE NEED FOR A DESALINIZATION PLANT IN SONORA.

(F) THE GOM IS OVEREXTENDED IN PUBLIC SECTOR EXPENDITURES AND WHILE ANY DESALINIZATION PROJECT WOULD BE MANY YEARS AWAY, WE BELIEVE THAT THE MEXICAN ADMINISTRATION UNDER LOPEZ PORTILLO WOULD BE EVEN MORE RELUCTANT THAN THE PRESENT ADMINISTRATION TO COMMIT MEXICO'S SCARCE FUNDS TO SUCH A PROJECT, OR EVEN TO USE OUTSIDE FUNDS THAT MIGHT OTHERWISE BE AVAILABLE FOR ECONOMIC DEVELOPMENT IN MEXICO.

4. WHILE WE DO NOT HAVE FIGURES RE COSTS AND BENEFITS ON THE DESALINIZATION PROGRAM AND THIS WOULD BE AN OBVIOUS REASON FOR UNDERTAKING FEASIBILITY STUDIES, WE WONDER, ON THE BASIS OF WHAT IS ALREADY KNOWN ABOUT THE COST OF DESALINIZATION AND NUCLEAR POWER GENERATORS, IF US AND MEXICAN FUNDS PUT INTO SUCH A PROJECT WOULD BE USED MOST EFFECTIVELY IN HELPING THE MEXICAN AGRICULTURAL DEVELOPMENT THAT IS OBVIOUSLY SO BADLY NEEDED. WE MAY BE ABLE TO DEVISE COOPERATIVE PROJECTS WITH THE SAME AMOUNT OF FUNDS THAT WOULD CREATE MORE JOBS, MORE FOOD, AND SO DO MORE TO HELP RELIEVE THE MIGRATION PROBLEM THAN THE PROJECT IN QUESTION. IN THIS RESPECT THERE IS A NEED TO KNOW IF THERE ARE ALTERNATIVES TO THE PROJECT.  
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